



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

July 25, 2000

Gary Burningham
B.E.G. Resources, LC
P.O. Box 974
American Fork, Utah 84003

Re: Formal Approval of Mining and Reclamation Plan and Form and Amount of Reclamation Surety,
B.E.G. Resources, LC., Travertine #1 Mine, M/023/042, Juab County, Utah

Dear Mr. Burningham:

On July 25, 2000, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for B.E.G. Resources, LC's Travertine #1 mine. You provided a \$14,000 check to be held as reclamation surety until the mine plan was approved. The check was sent to the Utah State Treasurers Office and was placed in a Zions Bank Trust Account #8911881. After finalizing the mining and reclamation plan, the Division revised the surety estimate to a new total of \$15,100. You provided the State Treasurer's office with a notarized document which authorized Zions Bank to apply the accrued interest in the Trust Account to the principal. That transaction brought the total surety to the required amount of \$15,100. On July 18, 2000, we received notification that the \$15,100 is secured with the State Treasurer in an escrow account held at Zions First National Bank.

The Division hereby grants its final approval of this project and the reclamation surety. You may continue with mining operations as outlined in your mining and reclamation plan at your convenience.

Enclosed for your files, are copies of the fully signed and executed Reclamation Contract which is tied to the \$15,100 surety, and a copy of the surety documents. Thank you for your help and patience in finalizing this permitting action. If you have any questions in this regard, please contact me or Tom Munson at (801) 538-5286 and 538-5321 respectively.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
cc: *opie Abeyta - state BLM*
Rex Rowley, BLM, Fillmore FO (UTU-072860)
Enclosure - MR-RC
M23-42-apv-ltr

RECEIVED

FORM MR-RC
Revised January 18, 2000
RECLAMATION CONTRACT

JUL 18 2000

DIVISION OF
OIL, GAS AND MINING

File Number M/023/042

Effective Date July 25, 2000

Other Agency File Number UTU-072860

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/023/042</u>
(Mineral Mined)	<u>Travertine Limestone</u>
"MINE LOCATION":	
(Name of Mine)	<u>Travertine #1</u>
(Description)	<u>Approximately 20 miles SW of Nephi</u>
	<u>off route 132</u>
	<u>Juab County, Utah</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>7.63</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>B.E.G. Resources, LC</u>
(Address)	<u>P.O. Box 974</u>
	<u>American Fork, Utah 84003</u>
(Phone)	<u>(801) 756-8138</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

Gary Burningham

P.O. Box 974

American Fork, Utah 84003

(Phone)

(801) 756-8138

"OPERATOR'S OFFICER(S)":

Gary Burningham, Member

Jeff Burningham, Member

Randy Burningham, Member

"SURETY":

(Form of Surety - Attachment B)

Zions Trust Account

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$15,100

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between B.E.G. Resources, LC the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/023/042 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated April 27, 1998, and the original Reclamation Plan dated April 27, 1998. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

B.E.G. Resources, LC
Operator Name

By Gary Burningham
Authorized Officer (Typed or Printed)

Member
Authorized Officer - Position

Gary Burningham
Officer's Signature

July 17, 2000
Date

STATE OF Utah)
COUNTY OF Utah) ss:

On the 17th day of July, 20 00, personally
appeared before me Gary Burningham who being
by me duly sworn did say that he/she, the said Member is
the Manager of B.E.G. Resources, LC
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
Gary Burningham duly acknowledged to me that said company
executed the same.



[Signature]
Notary Public
Residing at: _____

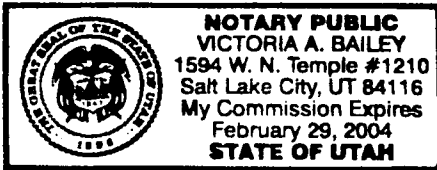
My Commission Expires: _____

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton Date 7/25/00
Lowell P. Braxton, Director

STATE OF State of Utah)
COUNTY OF Salt Lake) ss:

On the 25th day of July, 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~ the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2004
My Commission Expires:

ATTACHMENT "A"

B.E.G. Resources, LC
Operator

Travertine #1
Mine Name

M/023/042
Permit Number

Juab County, Utah

The legal description of lands to be disturbed is:

W 1/2 of the SE 1/4
Section 14
Township 14 South, Range 3 West
Juab County, Utah

Note: ALL roads in Section 14 are excluded

By letter dated February 23, 2000
Juab County asserts and maintains all roads.

This assertion excludes Highway 132 which is a state highway.

BURNINGHAM ENTERPRISES, INC.

009836

DATE	REFERENCE	MEMO	G/L #	AMOUNT	9836
04/20/98	042098	LOAN TO BEG	1160000	14,000.00	

Interim surety for Travertine #1 Mine, M/023/042 - Neal Jensen B.E.G. Resources, LLC

BURNINGHAM ENTERPRISES, INC.

95 North 200 East
American Fork, UT 84003
Phone: 756-8138

BANK OF AMERICAN FORK
P.O. Box 307
American Fork, Utah 84003
Phone: 756-7681
97-102 / 1243

009836

*****14,000 DOLLARS AND 00 CENTS *****

PAY
TO THE
ORDER
OF:

DOGM & BLM

04/20/98

***14,000.00

Jeff Byr

DATE CHECK NO. AMOUNT

DOGM (Utah State Division of Oil,
Gas and Mining)

By: Lowell P. Bragley
Acting Director

BLM (Bureau of Land Management)

By: Robert R. Henricks
BLM Acting Director

m/023/042

TO: Zions First National Bank
Whom it may concern

FROM: B.E.G. Resources, LLC, a Utah Limited Liability Company

RE: Zions First National Bank - State of Utah Treasurer's Escrow Account for B.E.G.
Resources LLC, Travertine #1 Mine (M/023/042), escrow no. 8911881

I Gary Burningham, a member of B.E.G. Resources, LLC,
hereby instruct Zions Bank to transfer one-thousand and one-hundred dollars (\$1,100.00) of
accrued interest in the above escrow account to principal in this escrow account. Said interest is
to be combined with the existing principle in the escrow account as a reclamation surety for the
Travertine #1 mine. The transfer of \$1,100.00 from interest to principal will make a total
principal balance of \$15,100.00. All future interest which may accrue after the principal amount
equals \$15,100.00 shall be distributed to B.E.G. Resources.

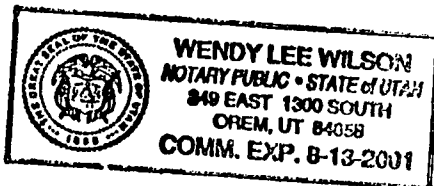
Dated this 7th day of July, 2000.

B.E.G. Resources, LLC, a Utah Limited Liability Company,

x Gary Burningham
Member

STATE OF UTAH)
)ss
COUNTY OF SALT LAKE)

Subscribed and sworn to before me this 7th day of July, 2000.



[Signature]
Notary Public

My Commission Expires _____

RECEIVED

JUL 11 2000

DIVISION OF
OIL, GAS AND MINING



EDWARD T. ALTER, CPA
STATE TREASURER

STATE OF UTAH

OFFICE OF STATE TREASURER

215 STATE CAPITOL
SALT LAKE CITY, UTAH 84114

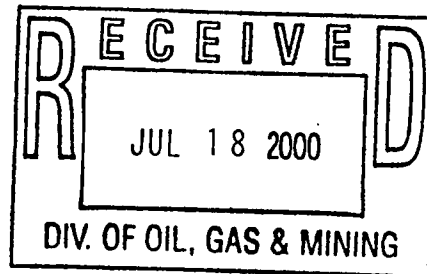
TEL: (801) 538-1042
FAX: (801) 538-1465
TDD: (801) 538-1042

RICHARD K. ELLIS
CHIEF DEPUTY STATE TREASURER

CHRISTINE M. BRANDT
STATE INVESTMENT OFFICER

July 18, 2000

Mr. Lowell P. Braxton, Director
Division of Oil, Gas, & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114



Dear Mr. Braxton:

I hereby certify that B.F.G. Resources, LLC has deposited with the State Treasurer cash or securities valued at \$15,100, and described as follows:

Interest bearing Escrow account # _____ held at Zions First National Bank

The above described securities have been deposited as a Reclamation Surety as required by Section 41-12A-301 Utah Code Annotated, and will be held by the State Treasurer until release is requested by the Division of Oil, Gas, and Mining.

Robert C. Kirk
Financial Manager